

TAHOE REGIONAL PLANNING AGENCY

Financial Statements

Year Ended June 30, 2016

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TAHOE REGIONAL PLANNING AGENCY

Financial Statements

Year Ended June 30, 2016

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Financial Statements

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tahoe Regional Planning Agency
Stateline, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tahoe Regional Planning Agency (TRPA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise TRPA's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of TRPA, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended June 30, 2016, reflect certain prior period adjustments as described further in Note 13 to the financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the financial statements of TRPA for the year ended June 30, 2015, and we expressed an unmodified audit opinion on those financial statements in our report dated December 7, 2015. The financial statements of TRPA for the year ended June 30, 2014 were audited by other auditors whose report dated January 20, 2015, respectively, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the years ended June 30, 2015 and June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

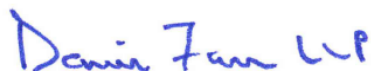
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules for the General Fund and each major special revenue fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise TRPA's basic financial statements. The combining financial statements and individual nonmajor budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and individual nonmajor budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 on our consideration of TRPA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TRPA's internal control over financial reporting and compliance.

Handwritten signature in blue ink that reads "Dennis Fann" followed by a stylized mark.

Irvine, California
December 7, 2016

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The Tahoe Regional Planning Agency (TRPA) was created in 1969 by a Compact between the states of Nevada and California, and ratified by the U.S. Congress, to protect and restore the environment of Lake Tahoe. The bi-state agency is charged with regional planning, development and redevelopment oversight, regulatory enforcement, and implementation of environmental protection and restoration programs for the Region.

The Lake Tahoe region, and TRPA's jurisdiction, covers over 500 square miles. Over 85% of the land area is held by the US Forest Service and various other Federal and State entities. Over 50,000 people live in the basin, and an additional 3,000,000 visit annually. The lake has been designated an Outstanding Natural Resource Water under the Federal Clean Water Act.

TRPA's vision is for a lake environment that is sustainable, healthy, and safe for the community and future generations. TRPA leads the cooperative effort to preserve, restore, and enhance the unique natural and human environment of the Lake Tahoe Region, while improving local communities, and people's interactions with our irreplaceable environment.

To answer its mandate, the TRPA adopted "environmental threshold carrying capacities" (thresholds) for the Region, first set in 1982. The Compact directs the Agency to establish measures that meet and maintain the thresholds, and authorizes it to work through a variety of means including land use regulations, growth management, capital improvement programs, and resource management plans.

Using the Annual Report

The discussion and analysis of the financial performance of TRPA provides review of the organization's overall financial activities for the fiscal year ended June 30, 2016. This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized to assist the reader in understanding the Agency as a financial whole and an entire operating entity. The statements also provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the Agency-wide financial statements and provide information about the activities of the whole Agency, presenting both an aggregate and long-term view of the organization's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Agency's most significant funds – the General Fund, the Transportation Fund and the Aquatic Invasive Species (AIS) Fund, with all other non-major funds presented in total in one column.

The Notes to the basic financial statements include notes to explain financial statement information and provide more detailed data.

TRPA Highlights

TRPA operates in the context of the Tahoe Region which has global reach and impact. Considered a precious natural resource to both states of California and Nevada, and the driver of the area's \$5 billion economy, Lake Tahoe has faced extraordinary challenges in recent years. The Tahoe Basin's economy, struggling even before the Great Recession, is rebounding and a renaissance is underway in pockets

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

around the lake. This positive trend helps strengthen the Region's resolve to protect and restore Lake Tahoe, which is costly and labor-intensive.

With the passage of the Regional Plan Update in 2012, the framework is in place to transform what was a deteriorating environment and community into a thriving, healthy ecosystem. Basin partnerships are stronger than ever and progress is being made on multiple fronts. Public restoration funding is also showing signs of life. Both California and Nevada are putting bond monies into the lake's restoration and the pending Lake Tahoe Restoration Act is moving through committees in the US Congress.

The focus of the Agency in Fiscal Year (FY) 2016 was the preparation of the quadrennial Threshold Evaluation and updating the Regional Transportation Plan. The TRPA Governing Board will formally act on both during Fiscal Year 2017. Other activities included working with the Basin jurisdictions to develop multiple area plans with substantial community input.

Following adoption of TRPA's strategic plan in June 2014, the Agency's focus in FY 2016 centered on implementing the plan's four pillars of accelerating threshold attainment, using the best available science for decision-making, establishing the Agency as a leader in sustainability, and operating as a high-performing team. The TRPA Governing Board established five major strategic initiatives:

- Shoreline Adaptation
- Transfer of Development Rights
- Transportation
- Thresholds Monitoring & Update
- AIS Control

In addition to these, the Agency continues to work on improving internal processes, streamlining permitting, and increasing public access to Agency and partner information.

TRPA Organization

The regular operations of TRPA are organized into four divisions and two programs. Their roles and responsibilities are:

- The Long Range Planning and Transportation Division focuses on implementing and updating the adopted Regional Plan, modifications to TRPA rules and regulations to meet the dynamic needs of the Tahoe environment and the Region, and executing on TRPA's federally designated role as the Tahoe Metropolitan Planning Organization (TMPO) and the California designated Regional Transportation Planning Agency. This includes reviewing area plans submitted by local jurisdictions as well as periodic revisions of the Regional Transportation Plan (RTP) and transportation improvement projects. Long Range Planning and Transportation is also the lead on both the Shoreline Adaptation and Transportation strategic initiatives.
- The Current Planning Division covers all permitting for land use activities in the Tahoe Basin, either directly or through delegation of permitting responsibilities to local governments. The Division also leads the Transfer of Development Rights strategic initiative.
- The Research & Analysis Division is responsible for acquiring data and reporting on a wide

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

variety of performance metrics including the Environmental Thresholds, Regional Plan compliance measures, and other data gathering required to support the Agency's mission. Research & Analysis also leads the Agency's participation in the Thresholds Monitoring & Update strategic initiative.

- The Environmental Improvement Division carries out several key programs of the Agency including:
 - Management of the Environmental Improvement Program (EIP), the Region-wide multi-entity, multi-sector capital investment strategy to implement the adopted Regional Plan and a comprehensive set of programs aimed at addressing environmental concerns in the Tahoe Basin.
 - Aquatic Invasive Species (AIS) program management including prevention of new aquatic invasive species, treatment to control existing species, and responding to new infestations. This is also one of our five strategic initiatives.
 - Storm-water management through the application of Best Management Practices (BMPs) for residential, commercial, and public properties.
 - Forest Health Program including fuels reduction to control the risk of destructive wildfires and promote the health of the forest resources in the basin.
- The Code Compliance Program ensures the conditions of the permits issued by TRPA or through delegation are met by visiting work sites and inspecting projects, as well as by responding to complaints regarding Code violations.
- The Sustainable Communities Program accelerates the implementation of the Regional Plan, Regional Transportation Plan, Area Plans, Sustainability Action Plan, and other partner initiatives by pursuing grant funding, legislative action, and building local, regional, national, and global partnerships.

In addition to these operational divisions, TRPA has a variety of service units supporting Division activities and the general operation of the Agency. These include Executive, Legal, External Affairs, Finance, Human Resources, and Information Technology.

Financial Highlights

Agency Revenues

TRPA revenues for FY 2016 totaled \$16.4 million. Direct contributions to the General Fund from the State of California were \$4.8 million. The State of Nevada contribution to the General Fund was \$2.3 million. Combined with local funding, this represents 39% of total revenues. In addition to General Fund contributions, various departments and agencies of the two states contribute to specific projects through Grant funding.

Directly funded programs (Grants) totaled 45% of revenues, amounting to \$7.4 million. Funding sources include California, Nevada, and the United States Government. Major Federal contributors include the Department of the Interior, Department of Transportation, and the Environmental Protection Agency.

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State entities include CalTrans, NDOT, Cal EPA, California State Water Resource Control Board (including Lahontan), Nevada Division of Environmental Protection, California Tahoe Resource Conservation District, Nevada Resource Conservation District, the California Energy Commission and others.

Fees for services amounted to \$2.4 million or 15% of the Agency's revenues. This includes Planning Fees and reimbursed costs from applicants as well as Watercraft Inspection fees supporting the AIS program.

Agency Expenditures

Total expenditures for FY 2016 were \$16.0 million. Staff costs accounted for \$5.3 million, or 34% of the total. Contracts comprised \$6.8 million, 43% of costs including \$2.4 million in funds transferred to the Tahoe Transportation District (15% of expenditures). Financing costs, mostly related to the acquisition of the TRPA office building, amounted to \$0.9 million, 6% of total expenditures.

TRPA works closely with other governmental entities in the basin to fund and execute various environmental initiatives. During FY 2016, TRPA passed through \$2.4 million in funding to the Tahoe Transportation District for implementation of transportation projects and operation of transit systems throughout the basin. In addition, TRPA provided \$0.8 million to the Tahoe Resource Conservation District, a unit of El Dorado County, California, to fund roadside inspections of watercraft as part of the Aquatic Invasive Species program. \$0.2 million of Excess Coverage Mitigation funds and \$1.7 million of other Mitigation funds collected from applicants were passed on to local jurisdictions. These funds are used to finance projects designed to offset the environmental impact of development.

The TRPA General Fund Balance increased by 7% or \$0.4 million during FY 2016. This is due to a variety of reasons discussed below (see Table 3), including expenditure underruns.

Key Operational Accomplishments in FY 2016

Long Range and Transportation Planning Division:

Long Range and Transportation Planning (LRTP) Division continues its work to implement the 2012 Regional Plan Update and act as the Metropolitan Planning Organization (MPO) for Tahoe. LRTP continues to review and approve Area Plans in each jurisdiction. Area Plans are currently under development in Douglas County, Nevada; the City of South Lake Tahoe; El Dorado County California, Washoe County Nevada, and Placer County, California. The Division spent FY 2016 developing the Regional Transportation Plan (RTP) and the Active Transportation Plan (ATP). The RTP will be completed and adopted by the TRPA Governing Board in FY 2017. The ATP was approved on March 23rd, 2016. TRPA operates under multiple transportation planning mandates, including serving as the region's Transportation Planning Agency, known as the Tahoe Metropolitan Planning Organization (TMPO). Funding for the LRTP includes TRPA General Funds and Transportation Grants. TRPA received \$4,074 thousand in grants from the Federal Government and the states of California and Nevada to support these activities. TRPA incurred \$805 thousand in personnel costs and \$3,930 thousand in contract and operating costs related to LRTP.

Note: Transportation in the Fund Financial Statements includes Sustainable Communities Grant (SCG) activities separately reported below.

TAHOE REGIONAL PLANNING AGENCY
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Current Planning Division:

Current Planning received 758 permit applications during FY 2016, and issued 756 permits. One hundred percent (100%) of applications were processed within 120 days of receiving a complete application. Fees for services totaled \$1,695 thousand. TRPA spent \$985 thousand on personnel costs and \$664 thousand on contracts and operating costs in the planning department.

Research and Analysis Division:

The Research & Analysis Division (R&A) supports TRPA's planning and implementation with the best available key scientific information and technical data regarding the Lake Tahoe Region. In addition, this Fiscal Year R&A prepared the four-year Threshold Evaluation Report required by the bi-state TRPA Compact. This report evaluates the status and trends related to 178 TRPA Threshold standards for air and water quality, soil conservation, vegetation, fisheries, wildlife, scenic, noise and recreation. The final report is expected to be presented for issuance by the TRPA Governing Board at their December 2016 meeting. R&A's ongoing activities include managing organizational data, providing key information systems, tools and reports, engaging with the scientific community and Tahoe Science Advisory Council, and providing efficient and timely analysis to support TRPA staff and Governing Board decision-making. California and Nevada contributed an extra \$670 thousand to TRPA to fund the Threshold Evaluation Report during FY 2016. In addition to the dedicated state funding, R&A received \$262 thousand in grants during the fiscal year, to support the integration of Tahoe TMDL information management tools into the LakeTahoInfo.org platform. During FY 2016, expenses included \$796 thousand in labor and \$1,477 thousand in other expenses. These non-labor expenses cover contracting and additional expenses related to ongoing monitoring activities and the production of the Threshold Evaluation Report.

Environmental Improvement Division:

The Environmental Improvement Program (EIP) continued to implement major public projects in FY 2016. Since 1997, the many private and public organizations working towards environmental threshold attainment in the Lake Tahoe Basin have worked together under the umbrella of the EIP. This year President Obama attended the annual Lake Tahoe Federal Summit to highlight the major accomplishments of the EIP over the last twenty years and to reiterate the strong commitment from the federal, state, and local sectors to the EIP. EIP projects contribute to continued progress on the Clarity Challenge. In 2015 the five-year average Secchi depth was measured at 73.1 feet—about 18 feet greater than was forecast back in 2000. Major projects to highlight this year include the Nevada Tahoe Conservation District's completion of the Burke Creek Highway 50 Crossing and Realignment project near the Nevada Stateline above Rabe Meadow that included the reduction of 12,000 feet of impervious coverage located in a historic floodplain, the replacement of an undersized culvert and reconstruction of 250 feet of stream channel to restore natural stream flows and reduce pollutant loading into Lake Tahoe. On the West Shore, a key one mile link of the West Shore Bike Trail was completed as part of the Homewood Bike Trail project. Key partners for this project are the North Lake Tahoe Resort Association/Placer County, the California Tahoe Conservancy, California Natural Resources, Placer County Parks, and the Tahoe Fund. The Lake Tahoe West project spearheaded by the U.S. Forest Service and the California Tahoe Conservancy that will implement a landscape scale watershed restoration

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project across multiple jurisdictions was initiated in FY 2016 with collaborative stakeholder planning meetings commencing in FY 2017.

TRPA provides strategic coordination for the EIP and works with partners for the effective and efficient delivery of projects through many coordinated bodies including the Tahoe Interagency Executive Steering Committee and multi-agency workgroups that coordinate on specific EIP focus areas. All of the EIP partners work diligently to invest and pursue sustainable funding for the EIP. This year, TRPA received \$110 thousand in grants to support the EIP. TRPA incurred \$415 thousand in personnel costs and \$129 thousand in contract and operating costs related to the EIP. Through California's Proposition 1 the California Tahoe Conservancy awarded a much needed \$7,161,568 to seven projects in March 2016. These investments are critical to continue implementation of the public projects needed for the sustainable future of Lake Tahoe's environment and community. These funds go directly to implementers and are outside of TRPA's financial statements.

The Lake Tahoe Aquatic Invasive Species (AIS) Program continued implementation of the watercraft inspection program, first started in 2008, to prevent catastrophic infestation of new invasive species. During the last FY 2015, TRPA oversaw watercraft inspections performed by Tahoe Resource Conservation District inspectors at four roadside stations in the Tahoe Basin during the primary boating season and at two launch ramps during the winter months. Previously inspected boats had inspection seals verified by trained inspectors prior to launch at sixteen (16) launch facilities. The program inspected 7,884 boats with 3,621 requiring decontamination. The states of Nevada and California have contributed funding in the amount of \$750 thousand to support the AIS prevention program. TRPA collected \$508 thousand in inspection fees and received \$217 thousand in grant funds from various sources including US Fish and Wildlife Service and California Department of Boating and waterways to complement the state funding for the Prevention Program. TRPA incurred \$170 thousand in personnel costs and \$1,109 thousand in contract and operating costs related to the AIS Program.

The Storm-water management team has been working for many years to complete water quality retrofit improvements on all developed properties in the Lake Tahoe region. The Agency permits all BMP retrofit projects, working primarily with private homeowners, commercial property owners, and several public entities (local jurisdictions and U.S. Forest Service) in the Tahoe Region to implement water quality Best Management Practices (BMPs). During FY 2016, TRPA issued 558 residential and 89 commercial BMP certificates, reflecting private property owner investments to improve environmental conditions in the Region. TRPA spent \$171 thousand in personnel costs and \$71 thousand in contract and operating costs on BMPs. Funding for this activity included \$247 thousand in grants from various entities. In addition, the General Fund paid for the Program Manager's salary.

The Forest Health Program is coordinated through the multi-jurisdictional Tahoe Fire and Fuels Team (TFFT). TRPA issues tree permits for removal of hazardous trees on private property, issuing 725 permits in FY 2016. Tree permits are now available online, with almost 60% of applicants choosing to file through the TRPA website. Average time to issue a tree permit is now less than 3 days. On public lands, implementing agencies including the U.S. Forest Service, state agencies and local jurisdictions completed 5,876 acres of fuels treatments basin-wide in the 2016 field season. As the TFFT continues progress towards the completion of treatments in the Wildland Urban Interface, the partnership also is addressing new emerging threats of bark beetle outbreaks and tree mortality. In FY 2016 the Lake Tahoe Tree Mortality Task Force was formed with the U.S Forest Service and TRPA named as co-leads. Also,

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Round 16 of the Southern Nevada Public Lands Management Act awarded approximately \$25 million to planning and implementation of Lake Tahoe Basin forest fuels projects. TRPA spent \$89 thousand in personnel costs and \$116 in contract and operating costs for the Forest Health program.

Code Compliance Program:

Field inspectors performed 760 project inspections during the year, representing no significant change from FY 2015. These project inspections resulted in the resolution and return of \$1.3 million in security deposits. An additional \$0.2 million of non-cash securities were also released. TRPA spent \$252 thousand in personnel costs in Code Compliance. Code Compliance is funded through planning fees included above.

Sustainable Communities Program:

The Sustainable Communities Program went through a transition in FY 2016 with a change in program management and the completion of a major project funded by the California Strategic Communities Growth Council. A new grant for PEV readiness was received. Other Sustainability projects are funded by TRPA's General Fund. TRPA received \$268 thousand in Grant revenues and spent \$58 thousand in staff costs and \$132 thousand in other expenses.

Administrative Financial Highlights

TRPA continued implementing its strategic plan through staffing and organizational adjustments to achieve goals in an efficient and effective manner. Staffing shortages and other cost underruns resulted in a surplus for FY 2016. That surplus was rolled forward into FY 2017 to fund retiring a portion of the Agency's long term debt.

Long term risks have been addressed and, to the extent possible, funded. The only significant long term liabilities are accrued but not taken employee paid time off (in restricted fund balances), and the lease revenue bonds used to finance the building (addressed below). TRPA's retirement plan is a defined contribution plan and is fully funded. All benefit plans are fully funded. There are no known unfunded future liabilities not addressed in these statements.

TRPA's Governing Board approved the FY 2016 budget in June of 2015. Budgets were adopted for the General Fund and certain Special Revenue Funds. The budgets for the El Dorado County State Transit Assistance Fund, El Dorado County Local Transportation Fund and Placer County Local Transportation Fund are adopted by the respective County jurisdictions.

TRPA continued debt service payments for Lease Revenue Bonds, Series A and B, in the amount of \$295 thousand in principal and \$594 thousand in interest. These bonds were issued through the Nevada Division of Business and Industry to acquire the TRPA office building located at 128 Market Street, Stateline, NV.

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Overview of the Financial Statements

Government-wide Financial Statements - Statement of Net Position and the Statement of Activities

The government-wide financial statements are designed to provide readers with a broad overview of TRPA finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of TRPA's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how TRPA's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., revenue earned but not received).

Both of the government-wide financial statements report functions of TRPA that are principally supported by taxes and intergovernmental revenues, including federal and state grants, as governmental activities. The governmental activities of TRPA include administrative services, support services, legal services, environmental improvement, planning services, and research and analysis.

Reporting the Agency's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. TRPA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency can be divided into two categories: governmental and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of TRPA's general government operations. Governmental fund information is useful in evaluating the government's financial resources that can be spent in the near future to finance programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

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information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

TRPA maintains eleven individual governmental funds. TRPA has combined the 128 Market Street Building fund, Shoreline fund, Special Studies fund, Environmental Education fund and the Planning Services fund into the General fund for presentation purposes. The General fund, Transportation fund, and Aquatic Invasive Species fund are each considered a major Governmental fund and are presented separately. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the Required Supplementary Information elsewhere in the report.

Fiduciary Funds

Fiduciary Fund Statements provide information about the financial relationships in which TRPA acts solely as a trustee or agent for the benefit of others and are not reflected in the government-wide financial statements.

TRPA as a Whole

The Statement of Net Position provides the perspective of TRPA as a whole. Table 1 provides a summary that compares the Agency's Net Position from FY 2016 to FY 2015.

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Table 1 - Summary of Statement of Net Position

	2016	2015	Change	%
Assets				
Current & Other Non-Current Assets	16,743,314	16,735,994	7,320	0%
Capital Assets	9,751,744	10,083,708	(331,964)	-3%
Total Assets	26,495,058	26,819,702	(324,644)	-1%
Liabilities				
Current Liabilities and Other	7,222,589	7,261,409	(38,820)	-1%
Unearned Revenue	2,586,654	2,915,697	(329,043)	-11%
Long Term Liabilities	11,439,338	11,783,697	(344,359)	-3%
Total Liabilities	21,248,581	21,960,803	(712,222)	-3%
Net Position				
Net Investment in Capital Assets of Debt	(107,542)	(70,563)	(36,979)	52%
Restricted	1,958,382	1,496,583	461,799	31%
Unrestricted	3,395,637	3,432,879	(37,242)	-1%
Total Net Position	5,246,477	4,858,899	387,578	8%

Assets:

Current and Other Noncurrent Assets were unchanged at \$16.7 million at June 30, 2016.

Capital Assets – Capital assets decreased by \$0.3 million or 3%, from a balance of \$10.1 million at June 30, 2015, to a balance of \$9.8 million at June 30, 2016. This is entirely due to depreciation.

Liabilities:

Current Liabilities – Current Liabilities decreased by an insignificant amount to \$7.2 million at June 30th, 2016.

Unearned Revenue – decreased by \$0.3 million, or 11% from a balance of \$2.9 million as of June 30, 2015 to \$2.6 million as of June 30, 2016. TRPA disbursed the remaining balances on the RSTP program and spent down Prop 1B funds during the year.

Long-Term Liabilities – Long-Term Liabilities decreased by \$0.3 million, or 3%, from a balance of \$11.8 million at June 30, 2015, to a balance of \$11.4 million at June 30, 2016. The main factor is a \$295,000 principal payment on lease revenue bonds used to purchase the TRPA office building.

Net Position:

Net Investment in Capital Assets increased slightly, rounding to (\$0.1) million at June 30, 2016. The reduction in Capital Assets from depreciation was offset by the reduction in principal on the lease

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

revenue bonds.

Restricted – Restricted Net Position increased \$0.5 million from \$1.5 million as of June 30, 2015 to \$2.0 million on June 30, 2016. This includes \$0.1 million for prepaid project review deposits and \$0.3 million to cover future AIS equipment replacement.

Unrestricted – Unrestricted Net Position did not materially change from a balance of \$3.4 million at June 30, 2016. TRPA intends to commit these funds to reducing long-term debt and associated annual financing expenses.

Table 2 shows the changes in Net Position for fiscal year 2015 and 2016.

Table 2 - Revenue, Expenses, Changes in Net Assets				
	2016	2015	Change	%
Revenues				
Program Revenues				
Charges for Services	2,398,399	2,624,876	(226,477)	-9%
Grants and Contributions	7,428,507	8,638,675	(1,210,168)	-14%
General Revenues				
State Revenue	6,303,136	5,648,553	654,583	12%
Local Revenue	150,000	150,000	0	0%
Investment Earnings - Unrestricted	88,620	26,161	62,459	239%
Miscellaneous	3,484	12,131	(8,647)	-71%
Total Revenues	16,372,146	17,100,396	(728,250)	-4%
Program Expenses				
General Government	2,323,756	2,349,786	(26,030)	-1%
Env. Planning & Implementation	12,823,758	13,535,429	(711,671)	-5%
Building Operations	259,714	129,689	130,025	100%
Interest and Debt Service	593,052	612,384	(19,332)	-3%
Total Expenses	16,000,280	16,627,288	(627,008)	-4%
Increase (Decrease) in Net Assets	371,866	473,108	(101,242)	-21%

Program Revenues:

Charges for Services – Charges for Services Revenue decreased by \$0.2 million, or 9%, from \$2.6 million for the year ended June 30, 2015, to \$2.4 million for the year ended June 30, 2016. This is due to a \$0.2 million reduction in reimbursable planning.

Grants and Contributions - Grants and Contributions Revenue decreased by \$1.2 million, or 14%, from \$8.6 million for the year ended June 30, 2015, to \$7.4 million for the year ended June 30, 2016. The

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

primary reason was a reduction in Transportation grants received through Federal Lands Highway. That funding source has been eliminated, reducing revenue in FY 2016 by \$1.2 million. These funds were largely passed through to the Tahoe Transportation District. This funding will be replaced by other funding sources.

General Revenues:

State Revenue increased by \$0.7 million, or 12%, reflecting both states increasing their contributions to fund the cost of the Threshold Evaluation. Investment income was up \$0.1 million due to higher interest rates. Local Revenue and Miscellaneous Earnings were essentially unchanged.

Program Expenses:

The cost of all Program Expenses decreased by \$0.6 million, or 4%, from \$16.6 million for the year ended June 30, 2015, to \$16.0 million for the year ended June 30, 2016. Some of the key factors that resulted in the decrease include:

- Current Planning reimbursed project review costs declined by \$0.4 million. This reflects a lower level of major projects requiring outside review.
- AIS Program costs decreased by \$0.1 million due to reductions in SNPLMA funding for treatment projects.
- Local Transportation Assist expenses (El Dorado & Placer County STA/LTF funds) decreased by \$0.1 million.

Fund Balances:

Table 3 provides a summary of the Fund Balances and changes from the prior year.

Table 3 - Summary of Fund Balances				
	2016	2015	Change	%
General Fund	5,706,351	5,326,113	380,238	7%
Aquatic Invasive Species Fund	911,838	619,044	292,794	47%
Transportation Fund	267,014	693,708	(426,694)	-62%
Other Nonmajor Governmental Funds	119,706	282,817	(163,111)	-58%
Total Fund Balances	7,004,909	6,921,682	83,227	1%

TRPA's governmental funds report a combined fund balance of \$7.0 million as of June 30, 2016, a \$0.1 million, or 1% increase from last year's \$6.9 million total. Some key factors that resulted in the increase include:

- General Fund balance increased by \$0.4 million.
 - Staffing vacancies and tight management of expenses led to a surplus of \$0.4 million in General Fund activities.

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

- The Aquatic Invasive Species Fund balance increased by \$0.3 million. The increased fund balance is primarily due to an operational surplus. The Agency believes it is prudent to maintain a reserve in this fund for a) capital needs to replace equipment and b) variability of inspection revenue based on boating activity.
- A decrease of \$0.4 million in the Transportation Fund is primarily due to the requirement to defer revenue not collected within 120 days of the fiscal year. These funds have been received.
- Other non-major governmental funds decreased by \$0.2 million.

General Fund Budgeting Highlights

The following discussion is limited to the General Fund only, not the total Agency financials.

TRPA adopted the fiscal year budget in June of 2015. The budget contained the following assumptions concerning revenue and expenses:

- The State of Nevada funding increased from FY 2015 to a total of \$2.25 million. This increased comprised \$0.4 million for the AIS Prevention Program and \$0.3 million in one-time funding for the Threshold Evaluation. Nevada has a biennial budget process and FY 2016 was the first of the two years.
- The State of California funding increased from FY 2015 to a total of \$4.8 million. This increased included \$0.4 million for the AIS Prevention Program and \$0.3 million in one-time funding for the Threshold Evaluation.
- The Planning Fund fee for service revenue was budgeted at \$1.2 million, consistent with the prior year.

The budget to actual comparison for the General Fund for the year ended June 30, 2016 includes the following items:

- Revenues were \$0.4 million lower than budgeted.
 - The attached table shows a variance of \$0.8 million in State Revenue. This represents a change in presentation. These funds are directed for the AIS Prevention program. In order to show the entire program in one place, regardless of funding source, this revenue was moved into the AIS fund, and are shown there in the attached schedules.
 - Lower permitting activity generated a reduction of \$0.2 million of revenue. An estimate of this revenue and the associated expenses, were budgeted at the beginning of FY 2016.
 - AIS revenues were down a net of 0.3 million due to SNPLMA funding declining, partially offset by State funds.
 - Net interest on investments were \$0.1 million over the budget.
- Overall expenditures were \$0.5 million below budget.
 - Labor expenses were \$0.3 million below budget due to staff turnover and positions remaining open longer than expected.
 - Legal expenses were \$0.2 million below budget due to using in-house Counsel in lieu of outside counsel to prepare the record for the 9th Circuit Court of Appeals deciding the Sierra Club appeal of TRPA's 2012 Regional Plan Update.

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Capital Assets

For the year ended June 30, 2016, TRPA had \$9.8 million invested in capital assets. Table 4 shows June 30, 2016 balances compared to June 30, 2015.

Table 4 - Summary of Capital Assets Net of Depreciation

	2016	2015	Change	%
Land, Buildings & Improvements	12,355,858	12,355,858		
Boats, Equipment and Furniture	1,884,521	1,884,521		
Software	840,749	840,749		
Accumulated Depreciation	(5,320,861)	(4,997,420)	(323,441)	6%
Total Capital Assets - Net	9,760,267	10,083,708	(323,441)	-3%

Overall capital assets decreased by \$0.3 million or 3%, from \$10.1 million for the year ended June 30, 2015, to \$9.8 million for the year ended June 30, 2016. This is due to depreciation. No significant capital investments were made during FY 2016.

Long Term Debt

Table 5 - Summary of Long Term Debt

	2016	2015	Change	%
Lease Revenue Bonds	11,655,000	11,950,000	(295,000)	-2%
Capital Lease Obligations				
Long Term Loans				
Compensated Absences	468,393	471,656	(3,263)	-1%
	12,123,393	12,421,656	(298,263)	-2%

TRPA's debt, considered a liability of governmental activities, decreased by \$0.3 million, or 2%, from \$12.4 million for the year ended June 30, 2015, to \$12.1 million for the year ended June 30, 2016. This is due to principal payments of \$0.3 million on the Agency's Series B Lease Revenue Bonds. Compensated absences are largely unchanged.

Factors bearing on TRPA's Future

TRPA receives significant funding from the states of California and Nevada. The compact calls for funding to be split 2/3 California and 1/3 Nevada. Actual funding can vary depending on each State's budget process. Funding for Fiscal Year 2017 is secured and the Agency is working with California on the Fiscal Year 2018 budget. Nevada follows a 2-year budget cycle and we are now in the process of requesting funds for fiscal years 2018 and 2019.

In 2007 TRPA issued \$13.5 million in General Lease Revenue Bonds to finance the acquisition of the Agency's headquarters. These bonds have a 30-year maturity schedule. From June of 2017 on TRPA has

TAHOE REGIONAL PLANNING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

the right to call all or part of these bonds.

The key assumptions in the General Fund revenue and expenditure budget for fiscal year 2017 were:

1. The California appropriated budget decreased their annual contribution to TRPA by \$0.3 million, reflecting the expiration of a one-time increase to cover costs associated with the 2016 Threshold Evaluation Report. TRPA has already received these funds for FY 2017.
2. The Nevada appropriated budget was approved by the Legislature in 2015, as part of the biennial budget process. Funding increased by \$0.4 million annually to fund the AIS Prevention Program and \$0.3 million in a one-year increase in Fiscal Year 2016 to cover costs associated with the Threshold Evaluation report. The one year increase has expired, reducing Nevada's funding by \$0.3 million for Fiscal Year 2017. TRPA has already received these funds for FY 2017.
3. The local support from the counties is fixed at \$150,000 per the Tahoe Regional Planning Compact.
4. The Sierra Club and Friends of the West Shore filed a lawsuit against the Regional Plan Update adopted in 2012. TRPA prevailed in the US District Court, but the plaintiffs appealed to the 9th Circuit Court of Appeals. The Court of Appeals heard the case in Fiscal Year 2016, but did not issue an opinion by year end. After the end of the Fiscal year (November 2, 2016) the court ruled in favor of TRPA on all matters.
5. Filing fees and permitting revenues are subject to fluctuations in the real estate and construction economies of the Lake Tahoe Basin. TRPA's budget for FY 2017 assumes a similar level to FY 2016. These fees may not equal actual totals and represent the biggest near-term risk to General Fund Revenues.

TRPA has been received Federal Lands Highway revenue in the region to support transportation planning, environmental reviews, and transit operations. This direct allocation to TRPA was removed in the 2013 Federal Highways Bill (MAP 21). These funds have now expired. Funding will be available for these activities through a new funding mechanism (see below) that is being put into place, but the level of future funding is uncertain. Most funding from this source was passed through to the Tahoe Transportation District. The Fixing America's Surface Transportation Act (FAST Act) was signed in to law by President Obama on December 4, 2015. This makes TRPA, acting as TMPO for the Lake Tahoe Region, eligible for Federal 5303 funds, which will, in part, replace the Federal Lands Highway funding that expired in FY 2016.

Contacting TRPA

This financial report is designed to provide a general overview of the Tahoe Regional Planning Agency's finances for those interested and to demonstrate the Agency's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Tahoe Regional Planning Agency Finance Office, P.O. Box 5310, Stateline, Nevada 89449.

BASIC FINANCIAL STATEMENTS

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TAHOE REGIONAL PLANNING AGENCY

Statement of Net Position

June 30, 2016

(with comparative prior year information)

	Governmental Activities		
	2016	2015	2014
Assets:			
Cash and investments (note 2)	\$ 13,377,070	13,414,145	9,944,419
Cash and investments with fiscal agent (note 2)	892,835	892,850	892,803
Receivables:			
Accounts	1,158	11,888	14,244
Interest	35,487	18,606	12,832
Due from other governments	2,336,794	2,262,245	4,579,162
Prepaid items	99,970	136,260	113,300
Capital assets not being depreciated (note 4)	1,606,706	1,606,706	1,606,706
Capital assets, net of accumulated depreciation (note 4)	8,145,038	8,477,002	8,602,719
Total assets	26,495,058	26,819,702	25,766,185
Liabilities:			
Accounts payable	1,754,800	2,367,710	2,335,076
Accrued payroll and benefits	166,171	138,834	115,735
Interest payable	48,222	49,530	50,942
Due to other governments	1,530	1,530	1,530
Due to claimants	10,190	10,190	10,190
Unearned revenue	2,586,654	2,915,697	2,836,246
Deposits payable	4,557,621	4,055,656	3,825,503
Long-term liabilities (note 5):			
Due within one year	684,055	637,959	692,706
Due in more than one year	11,439,338	11,783,697	12,103,687
Total liabilities	21,248,581	21,960,803	21,971,615
Net position:			
Net investment in capital assets	(107,542)	(70,563)	(369,461)
Restricted for:			
Planning and evaluation services	853,444	731,309	37,235
Environmental implementation	1,104,938	765,274	1,086,752
Transportation	-	-	517,630
Unrestricted	3,395,637	3,432,879	2,522,414
Total net position	\$ 5,246,477	4,858,899	3,794,570

See Notes to the Basic Financial Statements

TAHOE REGIONAL PLANNING AGENCY

Statement of Activities

Year Ended June 30, 2016

(with comparative prior year information)

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government:					
Administrative services	\$ 969,152	(198,634)	-	43,217	-
Support services	1,589,849	(325,850)	188,902	-	-
Legal services	363,803	(74,564)	-	-	-
Environmental planning, implementation, and research and analysis:					
Developmental services	-	-	-	-	-
Environmental implementation	2,444,512	261,486	507,886	1,608,930	-
Planning services	7,189,073	337,033	1,392,340	5,192,045	467,694
Research and analysis	2,076,804	529	-	116,621	-
Regional plan implementation	514,321	-	-	-	-
Building and rental activities	259,714	-	309,271	-	-
Interest and fiscal charges	593,052	-	-	-	-
Total governmental activities	<u>\$ 16,000,280</u>	<u>-</u>	<u>2,398,399</u>	<u>6,960,813</u>	<u>467,694</u>

General revenues:

State revenue

Local revenue

Investment earnings, unrestricted

Miscellaneous

Total general revenues

Changes in net position

Net position, beginning of year, as restated (note 14)

Net position, end of year

See Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
2016	2015	2014
(727,301)	(742,709)	(477,190)
(1,075,097)	(1,067,273)	(1,298,911)
(289,239)	(347,046)	(535,777)
-	1,163,363	1,006,649
(589,182)	(1,248,528)	(1,320,093)
(474,027)	(1,244,358)	(1,721,992)
(1,960,712)	(1,126,653)	(636,268)
(514,321)	(313,783)	(430,315)
49,557	175,634	847,810
(593,052)	(612,384)	(625,386)
(6,173,374)	(5,363,737)	(5,191,473)
\$ 6,303,136	5,648,553	5,648,553
150,000	150,000	231,388
88,620	26,161	17,270
3,484	12,131	51,830
6,545,240	5,836,845	5,949,041
371,866	473,108	757,568
4,874,611	4,385,791	3,037,002
\$ 5,246,477	4,858,899	3,794,570

TAHOE REGIONAL PLANNING AGENCY

Governmental Funds

Balance Sheet

June 30, 2016

(with comparative prior year information)

		Special Revenue Funds		Non-Major	Totals		
	General	Transportation	Aquatic Invasive	Governmental	2016	2015	2014
	Fund	Species	Funds				
<u>Assets</u>							
Cash and investments	\$ 10,690,871	1,379,779	1,105,333	201,087	13,377,070	13,414,145	9,944,419
Cash and investments with fiscal agent	892,835	-	-	-	892,835	892,850	892,803
Receivables:							
Accounts	1,133	24	-	1	1,158	11,888	14,244
Interest	32,982	2,505	-	-	35,487	18,606	12,832
Due from other governments	55,359	1,954,390	64,099	262,946	2,336,794	2,262,245	4,579,162
Due from other funds (note 3)	170,055	-	-	547	170,602	369,885	242,504
Prepaid items	99,970	-	-	-	99,970	136,260	113,300
Total assets	<u>\$ 11,943,205</u>	<u>3,336,698</u>	<u>1,169,432</u>	<u>464,581</u>	<u>16,913,916</u>	<u>17,105,879</u>	<u>15,799,264</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 711,146	730,180	257,594	55,880	1,754,800	2,367,710	2,335,076
Accrued payroll and benefits	166,171	-	-	-	166,171	138,834	115,735
Due to other funds (note 3)	-	-	-	170,602	170,602	369,885	242,504
Due to other governments	1,530	-	-	-	1,530	1,530	1,530
Due to claimants	-	-	-	10,190	10,190	10,190	10,190
Unearned revenue	799,318	1,787,336	-	-	2,586,654	2,915,697	2,836,246
Deposits payable	4,557,621	-	-	-	4,557,621	4,055,656	3,825,503
Total liabilities	<u>6,235,786</u>	<u>2,517,516</u>	<u>257,594</u>	<u>236,672</u>	<u>9,247,568</u>	<u>9,859,502</u>	<u>9,366,784</u>
Deferred inflows of resources:							
Unavailable revenues	<u>1,068</u>	<u>552,168</u>	<u>-</u>	<u>108,203</u>	<u>661,439</u>	<u>324,695</u>	<u>1,339,460</u>
Total deferred inflows of resources	<u>1,068</u>	<u>552,168</u>	<u>-</u>	<u>108,203</u>	<u>661,439</u>	<u>324,695</u>	<u>1,339,460</u>
Fund balances:							
Nonspendable:							
Prepaid items	99,970	-	-	-	99,970	136,260	113,300
Restricted for:							
Environmental implementation	-	-	911,838	181,043	1,092,881	798,069	887,187
Planning and evaluation services	-	267,014	-	34,262	301,276	731,309	37,235
Debt service	892,835	-	-	-	892,835	892,850	892,803
Committed to:							
Building Maintenance	290,532	-	-	-	290,532	312,000	-
Assigned to:							
Debt restructuring	3,770,000	-	-	-	3,770,000	-	-
Capital projects	-	-	-	547	547	100,547	1,885,547
Unassigned	653,014	-	-	(96,146)	556,868	3,950,647	1,276,948
Total fund balances	<u>5,706,351</u>	<u>267,014</u>	<u>911,838</u>	<u>119,706</u>	<u>7,004,909</u>	<u>6,921,682</u>	<u>5,093,020</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,943,205</u>	<u>3,336,698</u>	<u>1,169,432</u>	<u>464,581</u>	<u>16,913,916</u>	<u>17,105,879</u>	<u>15,799,264</u>

See Notes to the Basic Financial Statements

TAHOE REGIONAL PLANNING AGENCY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2016

Fund balances of governmental funds	\$	7,004,909
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Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets net of depreciation have not been included as
financial resources in governmental fund activity.

Capital assets	15,081,128
Accumulated depreciation	(5,329,384)

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the governmental funds. Long-term
liabilities consist of the following:

Compensated absences	(468,393)
Lease revenue bonds	(11,655,000)

Interest expenditures are recognized in the governmental funds when
due. Interest expense is recorded on the accrual basis in the government-
wide financial statements, and therefore these statements reflect a
liability for accrued interest payable.

(48,222)

Revenue is unavailable in the governmental funds when it is not received soon
enough after the year-end to be considered available. The availability
criteria does not apply to the government-wide financial statements and,
therefore, the revenue is not unavailable.

661,439

Net position of governmental activities	\$	<u><u>5,246,477</u></u>
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See Notes to the Basic Financial Statements

TAHOE REGIONAL PLANNING AGENCY

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2016

(with comparative prior year information)

		Special Revenue Funds		Non-Major		Totals	
	General	Transportation Fund	Aquatic Invasive Species	Governmental Funds		2016	2015
						2014	
Revenues:							
Federal grants	\$ -	2,255,005	202,755	270,357	2,728,117	5,812,684	6,059,871
State government grants and contracts	6,322,187	810,839	851,858	2,287,640	10,272,524	9,158,271	9,249,055
Local government grants and contracts	193,217	-	-	-	193,217	269,241	355,631
Charges for services	1,772,021	-	507,886	-	2,279,907	2,369,920	2,954,515
Fines and forfeitures	125,000	-	-	-	125,000	175,938	191,603
Rental income	334,624	-	-	-	334,624	300,975	306,207
Investment income	85,731	-	-	2,889	88,620	26,161	17,270
Miscellaneous revenues	3,493	-	9,900	-	13,393	2,971	52,484
	<u>8,836,273</u>	<u>3,065,844</u>	<u>1,572,399</u>	<u>2,560,886</u>	<u>16,035,402</u>	<u>18,116,161</u>	<u>19,186,636</u>
Total revenues							
Expenditures:							
Current:							
General government:							
Administrative services	962,130	-	-	-	962,130	933,762	725,903
Support services	1,259,759	-	-	-	1,259,759	1,217,163	1,420,311
Legal services	363,803	-	-	-	363,803	444,188	647,488
Interfund reimbursements	(599,048)	-	-	-	(599,048)	(582,965)	(670,848)
Environmental planning, implementation and research and analysis							
Environmental implementation	631,474	-	1,399,379	673,800	2,704,653	2,844,307	3,448,692
Planning services	2,042,399	3,504,608	-	1,980,848	7,527,855	9,007,789	10,813,320
Research and analysis	2,026,360	-	-	50,444	2,076,804	1,256,124	647,268
Regional plan implementation	514,321	-	-	-	514,321	313,783	430,315
Building and rental activities	259,714	-	-	-	259,714	129,689	153,541
Capital outlay	8,536	-	-	-	8,536	21,622	39,372
Debt service:							
Principal payments	295,000	-	-	-	295,000	396,540	309,483
Interest and fiscal charges	594,360	-	-	-	594,360	613,796	627,591
Pass-through expenditures	-	-	-	-	-	1,749	12,958
	<u>8,358,808</u>	<u>3,504,608</u>	<u>1,399,379</u>	<u>2,705,092</u>	<u>15,967,887</u>	<u>16,597,547</u>	<u>18,605,394</u>
Total expenditures							
Excess (deficiency) of revenues over (under) expenditures	<u>477,465</u>	<u>(438,764)</u>	<u>173,020</u>	<u>(144,206)</u>	<u>67,515</u>	<u>1,518,614</u>	<u>581,242</u>
Other financing sources (uses):							
Transfers in (note 3)	100,000	12,070	119,774	65,383	297,227	144,528	215,862
Transfers out (note 3)	(197,227)	-	-	(100,000)	(297,227)	(144,528)	(215,862)
	<u>(97,227)</u>	<u>12,070</u>	<u>119,774</u>	<u>(34,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)							
Net changes in fund balances	380,238	(426,694)	292,794	(178,823)	67,515	1,518,614	581,242
Fund balances, beginning of year, as restated (note 14)	<u>5,326,113</u>	<u>693,708</u>	<u>619,044</u>	<u>298,529</u>	<u>6,937,394</u>	<u>5,403,068</u>	<u>4,511,778</u>
Fund balances, end of year	<u>\$ 5,706,351</u>	<u>267,014</u>	<u>911,838</u>	<u>119,706</u>	<u>7,004,909</u>	<u>6,921,682</u>	<u>5,093,020</u>

See Notes to the Basic Financial Statements

TAHOE REGIONAL PLANNING AGENCY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$	67,515
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense or allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Depreciation	(331,964)
Capital outlay	-

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal payments for lease revenue bonds	295,000
--	---------

Interest on noncurrent liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. The net change is reported on the Statement of Activities.

	1,308
--	-------

Compensated absences reported on the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change is reported on the Statement of Activities.

	3,263
--	-------

Revenue is unavailable in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the government-wide financial statements and, therefore, the revenue is not unavailable.

	<u>336,744</u>
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Change in net position of governmental activities	\$	<u><u>371,866</u></u>
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See Notes to the Basic Financial Statements

TAHOE REGIONAL PLANNING AGENCY

Agency Funds

Statement of Assets and Liabilities

June 30, 2016

Assets

Cash and investments (note 2)	\$	8,292,096
Receivables:		
Interest		<u>19,931</u>
Total assets	\$	<u><u>8,312,027</u></u>

Liabilities

Due to other governments	\$	8,203,298
Deposits payable		<u>108,729</u>
Total liabilities	\$	<u><u>8,312,027</u></u>

See Notes to the Basic Financial Statements

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

Year Ended June 30, 2016

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The 91st Congress consented to the creation of the Tahoe Regional Planning Agency (TRPA) (PL 91-148) by the states of California and Nevada in 1969. The purpose of TRPA, as outlined in the state legislation, is to maintain equilibrium between the region's natural endowment and its man-made environment, and to preserve the scenic beauty and recreational opportunities of the region.

(b) Financial Statement Presentation

The basic financial statements of TRPA are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of TRPA. These statements report governmental activities, which normally are supported by taxes and intergovernmental revenues. TRPA does not have any business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(b) Financial Statement Presentation (Continued)

Fund Financial Statements

The underlying accounting system of TRPA is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for TRPA's governmental funds are presented after the government-wide financial statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

(c) Major Funds

Major funds are defined as funds that have assets, liabilities, revenues or expenditures equal to at least ten percent of their fund-type total and at least five percent of the grand total of all fund types. The General Fund is always a major fund. TRPA may also select other funds it believes should be presented as major funds.

TRPA reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of TRPA and is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue include monies provided by the State of California, monies provided by the State of Nevada, and fees for services rendered.
- Transportation Special Revenue Fund – This fund is used to account for revenues received from federal and state grants for transportation planning for the entire Lake Tahoe basin.
- Aquatic Invasive Species Special Revenue Fund – The Aquatic Invasive Species Fund is used to account for revenue from federal, state and private funding sources utilized towards the detection, control, and prevention of aquatic invasive species in the Lake Tahoe region.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(c) Major Funds (Continued)

Additionally, TRPA reports the following fund types:

Capital Projects Funds

These funds are used to account for financial resources that are restricted, committed, or assigned for expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Agency Funds

These funds are used to account for assets held by TRPA as an agent for other governments. The financial activities of these funds are excluded from the government-wide financial statements but are presented in a separate fiduciary fund financial statement. The financial statements include the following Agency Funds:

- California Tahoe Regional Planning Agency Tahoe Keys Fund – This fund was established during the existence of the California Tahoe Regional Planning Agency (CTRPA), a political subdivision of the State of California, exercising responsibility for the development and enforcement of plans for land and resource development in the Lake Tahoe region of California. This fund holds environmental mitigation fees that are collected on behalf of the Lahontan Regional Water Quality Board. These fees are paid by property owners with projects located in the geographical area known as the “Tahoe Keys”. Disbursements from this fund are made by TRPA subject to approval of the Lahontan Regional Water Quality Board to fund water quality projects beneficial to the Tahoe Keys.
- California Tahoe Regional Planning Agency Securities Fund – This fund was established during the existence of CTRPA as a mechanism of enforcement concerning project applications, project approvals and conditions of approval ensuring compliance with certain conditions as set forth by TRPA.
- California Tahoe Regional Planning Agency Indirect Source Fund – This fund was established during the existence of CTRPA to collect environmental mitigation fees paid by projects directly effecting air quality within the Lake Tahoe Basin. Disbursements from this fund are made by TRPA on behalf of the California Resources Agency with concurrence of the Attorney General to fund air quality projects beneficial to the Lake Tahoe region of California.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(c) Major Funds (Continued)

- Excess Coverage Mitigation Fund – This fund was established to hold environmental mitigation fees collected on behalf of the States of California and Nevada as an offsetting effect to expected impacts on land coverage. The mitigation fees are paid by project applicants in lieu of a reduction of land coverage. Disbursements from this fund are made to the States of California and Nevada to fund land purchases.
- Mitigation Fund – This fund was established to collect mitigation fees on behalf of various Lake Tahoe basin jurisdictions as an offsetting effect to expected impacts of certain projects within the Lake Tahoe Basin. The mitigation fees are paid by project applicants and grouped into air quality, water quality and stream zone environment. Disbursements from this fund are made to Lake Tahoe basin jurisdictions to fund eligible projects that serve to mitigate impacts of development.

(d) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, TRPA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants for which the availability period is 120 days. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt and compensated absences of governmental funds are recorded only when payment is due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(d) Measurement Focus and Basis of Accounting (Continued)

Those revenues susceptible to accrual include fuel taxes collected and held by the State at year-end on behalf of TRPA, intergovernmental revenue, and interest revenue. In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to TRPA; therefore, revenues are recognized based upon expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

(e) Cash and Investments

Investments are reported in the accompanying financial statements at fair value. The fair value is determined based upon market closing prices. The fair value of mutual funds is stated at share value.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings and changes in fair value. Interest earned on investments is allocated to the General Fund, certain nonmajor funds, and agency funds in accordance with policies established by TRPA's management.

(f) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(f) Fair value Measurements (Continued)

- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect TRPA's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include TRPA's own data.

(g) Prepaid Items

Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

(h) Interfund Transactions

During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered. There are also transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances are reported as due from/to other funds.

(i) Capital Assets

Capital assets are defined by TRPA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

TRPA depreciates its capital assets over their estimated useful lives using the straight-line method. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The range of lives used for depreciation purposes for each capital asset class is as follows:

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(i) Capital Assets (Continued)

<u>Item</u>	<u>Useful Life</u>
Buildings and improvements	10-40 years
Boats and equipment	3-12 years
Furniture and fixtures	3-12 years
Software	3 years

(j) Deferred Outflows and Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. TRPA currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. TRPA has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category, and is reported as unavailable revenue. Unavailable revenue arises when potential revenues do not meet both the measureable and availability criteria for recognition in the current period. In subsequent periods, when the revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

(k) Unearned Revenue

Unearned revenue represents amounts received prior to the incurrence of eligible expenditures for intergovernmental revenue that is in a form substantially equivalent to reimbursement grants. For these intergovernmental revenues, TRPA does not become entitled to the revenues until it has first incurred expenditures for the projects specified for these funds.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(l) Compensated Absences

Compensated absences include accumulated vacation and other compensatory leave balances that are accrued as earned. The employee's entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement. Compensated absences are generally liquidated in the General Fund.

(m) Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as long-term liabilities in the governmental activities. Bond discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are recorded net of the bond discount.

In the fund financial statements, governmental fund types recognize bond discounts and bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(n) Fund Balances

Fund balances are reported in the fund statements in the following classifications:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).
- Restricted – includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Board action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(n) Fund Balances (Continued)

- Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the Board. It includes legislation (Board action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Board action limiting the use of the funds is separate from the action (legislation) that created (enabled) the funding source, then it is committed, not restricted. For TRPA, a resolution is the highest level of decision-making authority that is used to establish a commitment of fund balance.
- Assigned – includes amounts that are designated or expressed by the Board, but does not require a formal action like a resolution or ordinance. The Board has delegated the ability to assign uses of specific funds, for specific purposes to the Executive Director and the Finance Director.
- Unassigned – includes the remaining spendable amounts which are not included in one of the other classifications.

It is TRPA's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned and unassigned resources, in the absence of a formal policy adopted by the Board.

(o) Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities and deferred inflows and outflows and is classified into three categories:

- Net Investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – represents the net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties.
- Unrestricted net position – represents those assets that are available for general use.

When both restricted and unrestricted resources are available for use, it is TRPA's policy to use restricted resources first.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies (Continued)

(p) Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Prior Year Data

Selected information from the prior years has been included in the accompanying financial statements in order to provide an understanding of changes in TRPA's financial position and operations. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with TRPA's financial statements for the years ended June 30, 2015 and 2014, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made in order to enhance its comparability with current year figures.

(2) Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$13,377,070
Cash and investments with fiscal agent	892,835
Agency Funds:	
Cash and investments	<u>8,292,096</u>
Total cash and investments	<u>\$22,562,001</u>

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 300
Deposits with financial institutions	1,605,046
Investments	<u>20,956,655</u>
Total cash and investments	<u>\$22,562,001</u>

Investments Authorized by the California Government Code and TRPA's Investment Policy

The table below identifies the investment types that are authorized for TRPA by the California Government Code, Nevada Revised Statutes and TRPA's investment policy. The table also identifies certain provisions of the California Government Code, Nevada Revised Statutes, or TRPA's investment policy, if more restrictive, that address interest rate risk, credit risk, and concentration of credit risk.

Investment Types <u>Authorized by State Law</u>	Authorized by Investment <u>Policy</u>	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local agency bonds	Yes	5 years	40%	None
U.S. Treasury obligations	Yes	5 years	75%	None
Federal agency securities	Yes	5 years	50%	30%
Banker's acceptances	Yes	180 days	20%	30%
Commercial paper	Yes	180 days	15%	10%
Negotiable certificates of deposit	Yes	5 years	25%	None
Repurchase agreements	Yes	90 days	None	None
Reverse repurchase agreements	No	N/A	N/A	N/A
Medium-term notes	Yes	5 years	20%	10%
Mutual funds	Yes	N/A	10%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	No	N/A	N/A	N/A
County pooled investment fund	Yes	N/A	None	None
State investment pools	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the fiscal agent is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code, Nevada Revised Statutes or TRPA's investment policy. The table below identifies the investment types that are authorized for investments held by the fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
Defeasance securities	None	None	None
U.S. Treasury obligations	None	None	None
Federal agency securities	None	None	None
Banker's acceptances	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	None	None	None
Investment agreements	None	None	None
Municipal obligations	None	None	None
Pre-refunded municipal obligations	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One way that TRPA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities. A portion of the portfolio is always maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for TRPA's operations. In addition, the investment policy limits purchase of securities to those with maturities of five years or less.

Information about the sensitivity of the fair value of TRPA's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of TRPA's investments by maturity.

		<u>Maturities (in Months)</u>			
	<u>Total</u>	<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
State investment pool	\$8,804,472	8,804,472	-	-	-
County investment pool	34,262	34,262	-	-	-
Federal agencies securities	3,714,170	3,510,858	-	203,312	-
U.S. Treasury notes	1,661,588	900,557	250,043	510,988	-
Medium-term notes	5,153,941	1,755,111	1,588,451	1,810,379	-
Money market mutual funds	695,387	695,387	-	-	-
Held by fiscal agent:					
Money market mutual funds	<u>892,835</u>	<u>892,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$20,956,655</u>	<u>16,593,482</u>	<u>1,838,494</u>	<u>2,524,679</u>	<u>-</u>

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, Nevada Revised Statutes, TRPA's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End			Not Rated
				AAA	AA+ - AA-	A+ - A-	
State investment pool	\$8,804,472	N/A	-	-	-	-	8,804,472
County investment pool	34,262	N/A	-	-	-	-	34,262
Federal agency securities	3,714,170	N/A	-	-	3,714,170	-	-
U.S. Treasury notes	1,661,588	N/A	1,661,588	-	-	-	-
Medium-term notes	5,153,941	A	-	-	1,609,966	3,543,975	-
Money market mutual funds	695,387	N/A	-	-	-	-	695,387
Held by fiscal agent:							
Money market mutual funds	<u>892,835</u>	AAA-m	<u>-</u>	<u>892,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$20,956,655</u>		<u>1,661,588</u>	<u>892,835</u>	<u>5,324,136</u>	<u>3,543,975</u>	<u>9,534,121</u>

Concentration of Credit Risk

Concentration risk is the risk of loss attributed to the magnitude of an investor's investment in a single issue. To limit concentration risk, TRPA places a limit on the amount that can be invested in specific investment types. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total TRPA investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	Federal agency securities	\$1,706,535
Federal National Mortgage Association	Federal agency securities	1,506,200

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. TRPA's Investment Policy requires financial institutions to collateralize deposits. TRPA participates in Nevada's collateral pool for public agencies, which is overseen by the Nevada State Treasurer. Amounts with financial institutions are first covered by FDIC insurance and amounts exceeding the limit are collateralized by the bank with the Nevada State Treasurer's office. The minimum collateralization is 102% of the public deposit.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Custodial Credit Risk (Continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. To address investment custodial credit risk, TRPA's Investment Policy requires the investments be placed with an independent third party for safekeeping and that all trade where applicable will be executed by Delivery vs. Payment. This ensures that securities are deposited in eligible financial institutions prior to the release of funds.

TRPA's investment manager and its safekeeping custodian are affiliated with the same bank, but are under separate operational management. To ensure proper internal controls are in place between the manager and the safekeeping custodian, TRPA annually reviews the audit report on controls placed in operation and tests of operating effectiveness for the trust services of the investment safekeeping custodian issued by an independent public accounting firm (Statement on Standards for Attestation Engagements No. 16 audit report).

TRPA uses an investment management firm to manage all of its investments that are held in securities form. The investment management firm executes investment purchases within the prescribed allowability and diversification guidelines provided by TRPA's investment policy. The investment manager places buy and sell orders with a number of broker-dealers on behalf of TRPA and in keeping with TRPA's Investment Policy. The investment manager executes all transactions using Delivery vs. Payment with the securities being held in safekeeping by the trust department affiliated with the investment manager. In addition, all cash and securities in TRPA's portfolio are held in safekeeping in TRPA's name by the safekeeping custodian, acting as agent for TRPA. As of June 30, 2016, total investments held by the safekeeping custodian on behalf of TRPA were \$11,225,086.

For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment and holds the investment on behalf of TRPA.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments (Continued)

Investment in State Investment Pools

TRPA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California, and the Local Government Investment Pool (LGIP) that is regulated by the Nevada Revised Statutes under the oversight of the Treasurer of the State of Nevada. The fair value of TRPA's investments in these pools are reported in the accompanying financial statements at an amount based upon TRPA's pro-rata share of the fair value provided by pools. The balance available for withdrawal is based on the accounting records maintained by the pools, which are recorded on an amortized cost basis. Currently, the pools do not have an investment rating.

Investment in County Investment Pool

Funds invested in county investment pools represent Local Transportation Funds under the Transportation Development Act that are held by the Counties of El Dorado and Placer, who receive the funds from the State of California on behalf of TRPA. The fair value of TRPA's investment in these pools are reported in the accompanying financial statements at an amount based upon TRPA's pro-rata share of the fair value provided by the pools. The balance available for withdrawal is based on the accounting records maintained by the pools. Currently, the pools do not have an investment rating.

Fair Value Measurement and Application

TRPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2016, TRPA has no nonrecurring fair value measurement on its assets.

<u>Investments</u>	<u>Total</u>	<u>Fair Value Hierarchy</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
State investment pool	\$ 8,804,472	-	8,804,472	-
County investment pool	34,262	-	34,262	-
Federal agency securities	3,714,170	-	3,714,170	-
U.S. Treasury notes	1,661,588	1,661,588	-	-
Medium-term notes	<u>5,153,941</u>	<u>-</u>	<u>5,153,941</u>	<u>-</u>
Totals	<u>\$19,368,433</u>	<u>1,661,588</u>	<u>17,706,845</u>	<u>-</u>

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Transactions

Due From/Due to Other Funds

The composition of balances related to due from other funds and due to other funds at June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$170,055
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>547</u>
	Total	<u>\$170,602</u>

The amounts due to the General Fund and Nonmajor Governmental Funds represent temporary cash borrowings that will be repaid when reimbursements from granting agencies are received.

Interfund Transfers

Interfund transfers consisted of the following for the year ended June 30, 2016:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Transportation Fund	General Fund	\$ 12,070
Aquatic Invasive Species Fund	General Fund	119,774
Nonmajor Governmental Funds	General Fund	65,383
General Fund	Nonmajor Governmental Funds	<u>100,000</u>
Total transfers		<u>\$297,227</u>

Interfund transfers are primarily used: (1) to reimburse funds that have made an expenditure on behalf of another fund due to statutory requirements; (2) to pay for capital projects or capital outlays, lease or debt service payments and operating expenses; and (3) to finance various programs with unrestricted revenues.

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets not being depreciated:				
Land	\$ <u>1,606,706</u>	<u>-</u>	<u>-</u>	<u>1,606,706</u>
Total capital assets not being depreciated	<u>1,606,706</u>	<u>-</u>	<u>-</u>	<u>1,606,706</u>
Capital assets being depreciated:				
Buildings and improvements	10,749,152	-	-	10,749,152
Boats, equipment and furniture	1,884,521	-	-	1,884,521
Software	<u>840,749</u>	<u>-</u>	<u>-</u>	<u>840,749</u>
Total capital assets being depreciated	<u>13,474,422</u>	<u>-</u>	<u>-</u>	<u>13,474,422</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,405,038)	(274,646)	-	(2,679,684)
Boats, equipment and furniture	(1,772,283)	(44,536)	-	(1,816,819)
Software	<u>(820,999)</u>	<u>(12,782)</u>	<u>-</u>	<u>(832,881)</u>
Total accumulated depreciation	<u>(4,997,420)</u>	<u>(331,964)</u>	<u>-</u>	<u>(5,329,384)</u>
Capital assets being depreciated, net	<u>(8,477,002)</u>	<u>(331,964)</u>	<u>-</u>	<u>8,145,038</u>
Total capital assets	<u>\$10,083,708</u>	<u>(331,964)</u>	<u>-</u>	<u>9,751,744</u>

Depreciation expense was charged to functions as follows:

Support services	\$330,619
Environmental planning, implementation and measurement and reporting:	
Development services	<u>1,345</u>
Total depreciation	<u>\$331,964</u>

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Amount Due In One Year	Amount Due Beyond One Year
Series A Lease Revenue Bonds	\$ 7,575,000	-	-	7,575,000	-	7,575,000
Series B Lease Revenue Bonds	4,375,000	-	(295,000)	4,080,000	310,000	3,770,000
Compensated Absences	<u>471,656</u>	<u>584,758</u>	<u>(588,021)</u>	<u>468,393</u>	<u>374,055</u>	<u>94,338</u>
Total	<u>\$12,421,656</u>	<u>584,758</u>	<u>(883,021)</u>	<u>12,123,393</u>	<u>684,055</u>	<u>11,439,338</u>

Lease Revenue Bonds

On May 1, 2007, TRPA issued Lease Revenue Bonds, Series A and B, in the amounts of \$7,575,000 and \$6,245,000, respectively. The bonds were issued to fund the acquisition and improvements for the building located at 128 Market Street, Stateline, Nevada, which serves as TRPA's office headquarters. Principal payments are due annually on June 1 in amounts ranging from \$15,000 to \$362,000. Interest is payable semiannually at 4.5% for the Series A bonds and rates ranging from 5.32% to 5.87% for the Series B bonds. As of June 30, 2016, cash and investments held in the reserve account for the series A and B bonds was equal to the reserve requirement of \$631,214.

\$11,655,000

Annual debt service requirements to maturity are as follows:

Series A Bonds			
Year Ending			
June 30	Principal	Interest	Total
2017	\$ -	340,875	340,875
2018	-	340,875	340,875
2019	-	340,875	340,875
2020	-	340,875	340,875
2021	-	340,875	340,875
2022-2026	-	1,704,375	1,704,375
2027-2031	2,985,000	1,381,838	4,366,838
2032-2036	3,740,000	626,625	4,366,625
2027	<u>850,000</u>	<u>19,125</u>	<u>869,125</u>
Total	<u>\$7,575,000</u>	<u>5,436,338</u>	<u>13,011,338</u>

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(5) Long-Term Liabilities

Lease Revenue Bonds (Continued)

Series B Bonds			
Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 310,000	237,791	547,791
2018	330,000	221,299	551,299
2019	350,000	201,928	551,928
2020	370,000	181,383	551,383
2021	390,000	159,664	549,664
2022-2026	2,315,000	428,217	2,743,217
2027-2031	<u>15,000</u>	<u>881</u>	<u>15,881</u>
Total	<u>\$4,080,000</u>	<u>1,431,163</u>	<u>5,511,163</u>

Compensated Absences

TRPA's policies relating to employee leave benefits are described in Note 1(k). This liability will be paid in future years from future resources from the General Fund.

\$468,393

(6) Pledged Revenue

TRPA's Series A and Series B Lease Revenue Bonds are collateralized by the pledging of rental income. See Note 5 for the amount and term of the remainder of these commitments, which are indicated in the debt service to maturity tables, and also the purposes of the related debt issuances utilized disclosed in the debt descriptions. For the current year, debt service payments as a percentage of the pledged gross revenue are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of <u>Pledged Revenue</u>	Annual amount of Pledged <u>Revenue</u>	Annual Debt Service	
		Payments (of all Debt Secured by this <u>Revenues</u>)	Debt Service as a Percentage of <u>Pledged Revenue</u>
Rental Income	\$1,023,604	889,360	87%

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(7) Defined Contribution Pension Plan

Plan Description

TRPA offers regular employees two defined contribution retirement plans. The first is a Money Purchase Plan (MPP) which is TRPA's Social Security Replacement Plan. The second is a voluntary 457(b) deferred compensation plan. Participation and vesting in both plans is immediate. Seasonal employees, interns, and short-term employees are not eligible.

Contributions

TRPA contributes 8% of the employees pay into the MPP plan. Employer contributions are in lieu of contributing to Social Security. Employee contributions to the 457(b) plan are limited by IRS regulations, updated annually. Benefit provisions are established and may be amended by TRPA's Board of Directors. During the fiscal year ended June 30, 2016, TRPA contributed \$364,247 to the MPP and employees contributed \$394,844 to the 457(b) plan.

(8) Risk Management

TRPA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. TRPA protects itself against such losses with commercial insurance purchased from independent third parties. Loss exposures retained by TRPA are treated as normal expenditures and include any loss contingency not covered by TRPA's purchased insurance policies. Settlements have not exceeded covered amounts in the previous three fiscal years.

(9) Deficit Fund Balances

The Environmental Improvement Program Fund (Non-Major Fund) reported a deficit as of June 30, 2016 in the amount of \$140,256. This deficit will be remedied when outstanding receivables are collected from granting agencies.

(10) Proposition 1B

As a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by California voters as Proposition 1B (Prop 1B) on November 7, 2006, TRPA was awarded funding from the Public Transportation, Modernization, Improvement and Service Enhancement Account (PTMISEA) and the Transit System Safety, Security and Disaster Response Account (TSSSDRA). Prop 1B activity during the fiscal year ended June 30, 2016 was as follows:

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(10) Proposition 1B (Continued)

	<u>PTMISEA</u>	<u>TSSSDRA</u>	<u>Total</u>
Unspent Prop 1B funds as of June 30, 2015	\$2,021,063	212,003	2,233,066
Prop 1B funds received	-	75,431	75,431
Interest earned	7,720	909	8,629
Prop 1B expenditures incurred	<u>(427,694)</u>	<u>(102,096)</u>	<u>(529,790)</u>
Unspent Prop 1B funds as of June 30, 2016	<u>\$1,601,089</u>	<u>186,247</u>	<u>1,787,336</u>

(11) Contingencies

Litigation

Various claims and suits have been filed against TRPA in the normal course of business. Although the outcome of these matters is not presently determinable, in the opinion of legal counsel, the resolutions of these matters will not have a material adverse effect on the financial condition of TRPA.

Federal and State Grants

TRPA receives federal and state funds for specific purposes that are subject to audit by the granting agencies. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on TRPA's financial position or changes in financial position.

(12) Economic Dependency

During the fiscal year ended June 30, 2016, approximately 76% of TRPA's total revenue was derived from federal, state, and local government agencies.

(13) Expenditures Exceeding Appropriations

Expenditures exceed appropriations in the following funds:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Transportation	\$3,504,608	2,788,469	716,139
Aquatic Invasive Species	1,399,379	1,286,906	112,473
Environmental Improvement	483,964	390,060	93,904

TAHOE REGIONAL PLANNING AGENCY

Notes to the Basic Financial Statements

(Continued)

(14) Prior Period Adjustment

During the year ended June 30, 2016, certain transactions were recorded that related to prior year activities. For a Non-Major Special Revenue fund (Placer County Local Transportation Fund), beginning fund balance was restated to properly reflect \$15,712 of revenue earned in the prior year. The following schedule summarizes the effects of the prior period adjustments to the Fund Financial Statements and Government-wide Statements.

Governmental Funds:

	Non-Major Governmental Funds
Beginning fund balance, as previously reported	\$282,817
Recognize revenue earned in prior years	<u>15,712</u>
Beginning fund balance, as restated	<u>\$298,529</u>

Government-Wide:

	Governmental Activities
Beginning fund balance, as previously reported	\$4,858,899
Recognize revenue earned in prior years	<u>15,712</u>
Beginning fund balance, as restated	<u>\$4,874,611</u>

REQUIRED SUPPLEMENTARY INFORMATION

TAHOE REGIONAL PLANNING AGENCY

General Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State government grants and contracts	\$ 7,072,187	7,072,187	6,322,187	(750,000)
Local government grants and contracts	150,000	150,000	193,217	43,217
Charges for services	1,413,593	1,413,593	1,772,021	358,428
Fines and forfeitures	180,000	180,000	125,000	(55,000)
Rental income	266,671	266,671	334,624	67,953
Investment income	40	40	85,731	85,691
Miscellaneous revenues	-	-	3,493	3,493
Total revenues	9,082,491	9,082,491	8,836,273	(246,218)
Expenditures:				
Current:				
General government:				
Administrative services	930,691	930,691	962,130	(31,439)
Support services	1,547,385	1,547,385	1,259,759	287,626
Legal services	688,368	688,368	363,803	324,565
Interfund reimbursements	(697,738)	(697,738)	(599,048)	(98,690)
Environmental planning, implementation, and research and analysis:				
Environmental implementation	1,215,196	1,215,196	631,474	583,722
Planning services	1,532,347	1,532,347	2,042,399	(510,052)
Research and analysis	1,955,713	1,955,713	2,026,360	(70,647)
Regional plan implementation	640,035	640,035	514,321	125,714
Building and rental activities	113,845	113,845	259,714	(145,869)
Capital outlay	-	-	8,536	(8,536)
Debt service:				
Principal payments	295,000	295,000	295,000	-
Interest and fiscal charges	594,360	594,360	594,360	-
Total expenditures	8,815,202	8,815,202	8,358,808	456,394
Excess of revenues over expenditures	267,289	267,289	477,465	210,176
Other financing sources (uses):				
Transfers in	-	-	100,000	100,000
Transfers out	(216,000)	(216,000)	(197,227)	18,773
Total other financing sources (uses)	(216,000)	(216,000)	(97,227)	118,773
Net change in fund balance	51,289	51,289	380,238	328,949
Fund balance, beginning of year	5,326,113	5,326,113	5,326,113	-
Fund balance, end of year	5,377,402	5,377,402	5,706,351	328,949

See Note to Required Supplementary Information

TAHOE REGIONAL PLANNING AGENCY

Transportation Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 2,760,326	2,760,326	2,255,005	(505,321)
State government grants and contracts	<u>307,288</u>	<u>307,288</u>	<u>810,839</u>	<u>503,551</u>
Total revenues	<u>3,067,614</u>	<u>3,067,614</u>	<u>3,065,844</u>	<u>(1,770)</u>
Expenditures:				
Current:				
Environmental planning, implementation, and research and analysis:				
Planning services	2,788,469	2,788,469	3,504,608	(716,139)
Pass-through expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,788,469</u>	<u>2,788,469</u>	<u>3,504,608</u>	<u>(716,139)</u>
Excess (deficiency) of revenues over (under) expenditures	279,145	279,145	(438,764)	(717,909)
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>12,070</u>	<u>12,070</u>
Net change in fund balance	279,145	279,145	(426,694)	(705,839)
Fund balance, beginning of year	<u>693,708</u>	<u>693,708</u>	<u>693,708</u>	<u>-</u>
Fund balance, end of year	<u>\$ 972,853</u>	<u>972,853</u>	<u>267,014</u>	<u>(705,839)</u>

See Note to Required Supplementary Information

TAHOE REGIONAL PLANNING AGENCY

Aquatic Invasive Species Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal grants	\$ 395,333	395,333	202,755	(192,578)
State government grants and contracts	-	63,167	851,858	788,691
Charges for services	650,000	650,000	507,886	(142,114)
Total revenues	1,045,333	1,108,500	1,572,399	463,899
Expenditures:				
Current:				
Environmental planning, implementation, and research and analysis:				
Environmental implementation	1,286,906	1,286,906	1,399,379	(112,473)
Total expenditures	1,286,906	1,286,906	1,399,379	(112,473)
Excess (deficiency) of revenues over (under) expenditures	(241,573)	(178,406)	173,020	351,426
Other financing sources:				
Transfers in	81,386	81,386	119,774	38,388
Net change in fund balance	(160,187)	(97,020)	292,794	389,814
Fund balance, beginning of year	619,044	619,044	619,044	-
Fund balance, end of year	\$ 458,857	522,024	911,838	389,814

See Note to Required Supplementary Information

TAHOE REGIONAL PLANNING AGENCY

Note to Required Supplementary Information

Year Ended June 30, 2016

(1) Budgetary Data

TRPA follows the procedures below when establishing the budgetary data reflected in the financial statements:

1. By September 30 of each calendar year, TRPA's management submits a proposed operating and capital improvement budget to the Board of Directors for the fiscal year commencing the following July 1. The budget includes the proposed expenditures and means of financing them. In order to obtain state funding, TRPA must submit budget requests to the State of California annually and the State of Nevada biannually.
2. The budget is legally enacted through adoption of a resolution by the Board of Directors.
3. TRPA's Executive Director is authorized to implement the programs as approved in the adopted budget. Within a specific fund, the Executive Director or his designee may transfer appropriations between categories, departments, projects and programs as needed to implement the adopted budget, whereas the Board of Directors must authorize budget increases and decreases, and transfers between funds. Therefore, the legal level of budgetary control is at the fund level.
4. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgets were adopted for the General Fund and certain Special Revenue Funds. The budgets for the El Dorado County State Transit Assistance Fund, El Dorado County Local Transportation Fund and Placer County Local Transportation Fund are adopted by the respective County's jurisdictions.

TAHOE REGIONAL PLANNING AGENCY

General Fund

Combining Balance Sheet

June 30, 2016

	General Fund	128 Market Street Building	Watercraft & Shorezone	Settlements
<u>Assets</u>				
Cash and investments	\$ 9,550,195	-	804,095	321,997
Cash and investments with fiscal agent	-	892,835	-	-
Receivables:				
Accounts	551	582	-	-
Interest	30,826	-	2,156	-
Due from other governments	55,359	-	-	-
Due from other funds	8,955,556	-	-	-
Prepaid items	77,623	13,595	8,752	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 18,670,110	907,012	815,003	321,997
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 631,795	74,347	2,754	1,750
Accrued payroll and benefits	166,171	-	-	-
Due to other funds	8,698,767	74,369	-	-
Due to other governments	1,530	-	-	-
Unearned revenue	797,226	-	-	-
Deposits payable	4,529,898	27,723	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	14,825,387	176,439	2,754	1,750
Deferred inflows of resources:				
Unavailable revenues	810	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	810	-	-	-
Fund balances:				
Nonspendable:				
Prepaid items	77,623	13,595	8,752	-
Restricted for:				
Debt service	-	892,835	-	-
Committed to:				
Building Maintenance	290,532	-	-	-
Assigned to:				
Debt restructuring	2,646,256	-	803,497	320,247
Unassigned	829,502	(175,857)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	3,843,913	730,573	812,249	320,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,670,110	907,012	815,003	321,997

(1) Interfund balances within the group of funds that are consolidated to form the General Fund for purposes of the combined financial statements have been eliminated on this schedule.

Charitable Contributions	Eliminations (1)	Total
14,584	-	10,690,871
-	-	892,835
-	-	1,133
-	-	32,982
-	-	55,359
-	(8,785,501)	170,055
-	-	99,970
<u>14,584</u>	<u>(8,785,501)</u>	<u>11,943,205</u>

500	-	711,146
-	-	166,171
12,365	(8,785,501)	-
-	-	1,530
2,092	-	799,318
-	-	4,557,621
<u>14,957</u>	<u>(8,785,501)</u>	<u>6,235,786</u>

<u>258</u>	<u>-</u>	<u>1,068</u>
<u>258</u>	<u>-</u>	<u>1,068</u>

-	-	99,970
-	-	892,835
-	-	290,532
-	-	3,770,000
(631)	-	653,014
<u>(631)</u>	<u>-</u>	<u>5,706,351</u>
<u>14,584</u>	<u>(8,785,501)</u>	<u>11,943,205</u>

TAHOE REGIONAL PLANNING AGENCY

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2016

	General Fund	128 Market Street Building	Watercraft & Shorezone	Settlements
Revenues:				
State government grants and contracts	\$ 6,322,187	-	-	-
Local government grants and contracts	150,000	-	-	-
Charges for services	1,761,366	5,182	5,473	-
Fines and forfeitures	-	-	-	125,000
Rental income	-	1,023,604	-	-
Investment income	80,537	94	5,100	-
Miscellaneous revenues	3,484	-	9	-
Total revenues	<u>8,317,574</u>	<u>1,028,880</u>	<u>10,582</u>	<u>125,000</u>
Expenditures:				
Current:				
General Government:				
Administrative services	833,854	-	-	81,097
Support services	1,259,759	-	-	-
Legal services	358,436	-	-	5,367
Interfund reimbursements	(599,048)	-	-	-
Environmental planning, implementation, and research and analysis:				
Environmental implementation	516,821	-	114,653	-
Planning services	2,042,399	-	-	-
Research and analysis	2,026,360	-	-	-
Regional plan implementation	514,321	-	-	-
Building and rental activities	688,980	259,714	-	-
Capital outlay	-	8,536	-	-
Debt service:				
Principal payments	-	295,000	-	-
Interest and fiscal charges	-	594,360	-	-
Total expenditures	<u>7,641,882</u>	<u>1,157,610</u>	<u>114,653</u>	<u>86,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>675,692</u>	<u>(128,730)</u>	<u>(104,071)</u>	<u>38,536</u>
Other financing sources (uses):				
Transfers in	100,000	-	-	-
Transfers out	(197,227)	-	-	-
Total other financing sources (uses)	<u>(97,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	578,465	(128,730)	(104,071)	38,536
Fund balances, beginning of year	<u>3,265,448</u>	<u>859,303</u>	<u>916,320</u>	<u>281,711</u>
Fund balances (deficit), end of year	<u>\$ 3,843,913</u>	<u>730,573</u>	<u>812,249</u>	<u>320,247</u>

(1) Transfers and rental income within the group of funds that are consolidated to form the General Fund for purposes of the combined financial statements have been eliminated on this schedule.

Charitable Contributions	Eliminations (1)	Total
-	-	6,322,187
43,217	-	193,217
-	-	1,772,021
-	-	125,000
-	(688,980)	334,624
-	-	85,731
-	-	3,493
<u>43,217</u>	<u>(688,980)</u>	<u>8,836,273</u>
47,179	-	962,130
-	-	1,259,759
-	-	363,803
-	-	(599,048)
-	-	631,474
-	-	2,042,399
-	-	2,026,360
-	-	514,321
-	(688,980)	259,714
-	-	8,536
-	-	295,000
-	-	594,360
<u>47,179</u>	<u>(688,980)</u>	<u>8,358,808</u>
<u>(3,962)</u>	<u>-</u>	<u>477,465</u>
-	-	100,000
-	-	(197,227)
-	-	(97,227)
(3,962)	-	380,238
<u>3,331</u>	<u>-</u>	<u>5,326,113</u>
<u>(631)</u>	<u>-</u>	<u>5,706,351</u>

TAHOE REGIONAL PLANNING AGENCY

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2016

		SPECIAL REVENUE FUNDS		
		Environmental Improvement Program	Erosion Control Fund	El Dorado County Local Transportation Fund
<u>Assets</u>				
Cash and investments	\$	56,011	110,814	30,507
Receivables:				
Accounts		1	-	-
Due from other governments		182,300	80,646	-
Due from other funds		-	-	-
Total assets	\$	<u>238,312</u>	<u>191,460</u>	<u>30,507</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$	55,653	227	-
Due to other funds		170,602	-	-
Due to claimants		-	10,190	-
Total liabilities		<u>226,255</u>	<u>10,417</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenues		<u>108,203</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources		<u>108,203</u>	<u>-</u>	<u>-</u>
Fund balances (deficit):				
Restricted for:				
Environmental implementation		-	181,043	-
Planning and evaluation services		-	-	30,507
Assigned to:				
Capital projects		-	-	-
Unassigned		<u>(96,146)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)		<u>(96,146)</u>	<u>181,043</u>	<u>30,507</u>
Total liabilities, deferred inflows of resources, and fund balance	\$	<u>238,312</u>	<u>191,460</u>	<u>30,507</u>

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND			
Placer County Local Transportation Fund	El Dorado County State Transit Assistance Fund	Capital Outlay	Totals		
			2016	2015	2014
3,723	32	-	201,087	469,546	431,884
-	-	-	1	-	-
-	-	-	262,946	241,009	230,733
-	-	547	547	547	547
<u>3,723</u>	<u>32</u>	<u>547</u>	<u>464,581</u>	<u>711,102</u>	<u>663,164</u>
-	-	-	55,880	62,802	121,368
-	-	-	170,602	355,293	242,504
-	-	-	10,190	10,190	10,190
-	-	-	236,672	428,285	374,062
-	-	-	108,203	-	125,278
-	-	-	108,203	-	125,278
-	-	-	181,043	179,025	112,206
3,723	32	-	34,262	37,601	37,235
-	-	547	547	100,547	100,547
-	-	-	(96,146)	(34,356)	(86,164)
<u>3,723</u>	<u>32</u>	<u>547</u>	<u>119,706</u>	<u>282,817</u>	<u>163,824</u>
<u>3,723</u>	<u>32</u>	<u>547</u>	<u>464,581</u>	<u>711,102</u>	<u>663,164</u>

TAHOE REGIONAL PLANNING AGENCY

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS		
	Environmental Improvement Program	Erosion Control Fund	El Dorado County Local Transportation Fund
Revenues:			
Federal grants	\$ 270,357	-	-
State government grants and contracts	150,548	247,678	881,738
Local government grants and contracts	-	-	-
Investment income	-	-	302
	<hr/>	<hr/>	<hr/>
Total revenues	420,905	247,678	882,040
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Environmental planning, implementation, and research and analysis:			
Environmental implementation	364,026	309,774	-
Planning services	69,494	-	851,533
Research and analysis	50,444	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	483,964	309,774	851,533
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(63,059)	(62,096)	30,507
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in	1,269	64,114	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	1,269	64,114	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(61,790)	2,018	30,507
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), beginning of year, as restated	(34,356)	179,025	-
	<hr/>	<hr/>	<hr/>
Fund balances (deficit), end of year	\$ (96,146)	181,043	30,507
	<hr/>	<hr/>	<hr/>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND			
Placer County Local Transportation Fund	El Dorado County State Transit Assistance Fund	Capital Outlay	Totals		
			2016	2015	2014
-	-	-	270,357	344,106	100,951
659,982	347,694	-	2,287,640	2,414,454	2,223,351
-	-	-	-	-	124,200
2,424	163	-	2,889	1,721	1,996
662,406	347,857	-	2,560,886	2,760,281	2,450,498
-	-	-	673,800	639,876	593,965
711,996	347,825	-	1,980,848	2,109,980	2,037,686
-	-	-	50,444	-	-
711,996	347,825	-	2,705,092	2,749,856	2,631,651
(49,590)	32	-	(144,206)	10,425	(181,153)
-	-	-	65,383	70,716	61,868
-	-	(100,000)	(100,000)	-	-
-	-	(100,000)	(34,617)	70,716	61,868
(49,590)	32	(100,000)	(178,823)	81,141	(119,285)
53,313	-	100,547	298,529	201,676	283,109
3,723	32	547	119,706	282,817	163,824

TAHOE REGIONAL PLANNING AGENCY

Environmental Improvement Program

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Federal grants	\$ 207,877	270,357	62,480
State government grants and contracts	223,998	150,548	(73,450)
Total revenues	431,875	420,905	(10,970)
Expenditures:			
Current:			
Environmental planning, implementation, and research and analysis:			
Environmental implementation	274,686	364,026	(89,340)
Planning services	-	69,494	(69,494)
Research and analysis	115,374	50,444	64,930
Total expenditures	390,060	483,964	(93,904)
Excess (deficiency) of revenues over (under) expenditures	41,815	(63,059)	(104,874)
Other financing sources (uses):			
Transfers in	-	1,269	1,269
Net change in fund balance	41,815.00	(61,790)	(103,605)
Fund balance (deficit), beginning of year	(34,356)	(34,356)	-
Fund balance (deficit), end of year	\$ 7,459	(96,146)	(103,605)

TAHOE REGIONAL PLANNING AGENCY

Erosion Control Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Federal grants	\$ -	-	-
State government grants and contracts	<u>480,990</u>	<u>247,678</u>	<u>(233,312)</u>
Total revenues	<u>480,990</u>	<u>247,678</u>	<u>(233,312)</u>
Expenditures:			
Current:			
Environmental planning, implementation, and research and analysis:			
Environmental implementation	<u>584,913</u>	<u>309,774</u>	<u>275,139</u>
Total expenditures	<u>584,913</u>	<u>309,774</u>	<u>275,139</u>
Excess (deficiency) of revenues over (under) expenditures	(103,923)	(62,096)	41,827
Other financing sources:			
Transfers in	<u>121,924</u>	<u>64,114</u>	<u>(57,810)</u>
Net change in fund balance	18,001	2,018	(15,983)
Fund balance, beginning of year	<u>179,025</u>	<u>179,025</u>	-
Fund balance (deficit), end of year	<u>\$ 197,026</u>	<u>181,043</u>	<u>(15,983)</u>

TAHOE REGIONAL PLANNING AGENCY
Agency Funds

Combining Statement of Assets and Liabilities

Year Ended June 30, 2016

	CTRPA Tahoe Keys	CTRPA Securities	CTRPA Indirect Source	Excess Coverage Mitigation
<u>Assets</u>				
Cash and investments	\$ 374,810	108,457	8,822	1,551,224
Receivables:				
Interest	<u>940</u>	<u>272</u>	<u>22</u>	<u>2,993</u>
Total assets	<u>\$ 375,750</u>	<u>108,729</u>	<u>8,844</u>	<u>1,554,217</u>
<u>Liabilities</u>				
Accounts payable	\$ -	-	-	-
Due to other governments	375,750	-	8,844	1,554,217
Deposits payable	<u>-</u>	<u>108,729</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 375,750</u>	<u>108,729</u>	<u>8,844</u>	<u>1,554,217</u>

Mitigation	Totals		
	2016	2015	2014
6,248,783	8,292,096	7,565,994	12,470,605
15,704	19,931	14,285	12,927
<u>6,264,487</u>	<u>8,312,027</u>	<u>7,580,279</u>	<u>12,483,532</u>
-	-	-	20,000
6,264,487	8,203,298	7,472,196	12,356,172
-	108,729	108,083	107,360
<u>6,264,487</u>	<u>8,312,027</u>	<u>7,580,279</u>	<u>12,483,532</u>

TAHOE REGIONAL PLANNING AGENCY

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>CTRPA Tahoe Keys</u>				
<u>Assets</u>				
Cash and Investments	\$ 372,855	1,955	-	374,810
Receivables:				
Interest	662	940	662	940
Total assets	<u>\$ 373,517</u>	<u>2,895</u>	<u>662</u>	<u>375,750</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 373,517</u>	<u>3,389</u>	<u>1,156</u>	<u>375,750</u>
Total liabilities	<u>\$ 373,517</u>	<u>3,389</u>	<u>1,156</u>	<u>375,750</u>
 <u>CTRPA Securities</u>				
<u>Assets</u>				
Cash and Investments	\$ 107,892	565	-	108,457
Receivables:				
Interest	191	272	191	272
Total assets	<u>\$ 108,083</u>	<u>837</u>	<u>191</u>	<u>108,729</u>
<u>Liabilities</u>				
Deposits payable	<u>\$ 108,083</u>	<u>981</u>	<u>335</u>	<u>108,729</u>
Total liabilities	<u>\$ 108,083</u>	<u>981</u>	<u>335</u>	<u>108,729</u>

(Continued)

TAHOE REGIONAL PLANNING AGENCY

Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>CTRPA Indirect Source</u>				
<u>Assets</u>				
Cash and Investments	\$ 8,776	46	-	8,822
Receivables:				
Interest	<u>16</u>	<u>22</u>	<u>16</u>	<u>22</u>
Total assets	<u>\$ 8,792</u>	<u>68</u>	<u>16</u>	<u>8,844</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 8,792</u>	<u>80</u>	<u>28</u>	<u>8,844</u>
Total liabilities	<u>\$ 8,792</u>	<u>80</u>	<u>28</u>	<u>8,844</u>
<u>Excess Coverage Mitigation</u>				
<u>Assets</u>				
Cash and Investments	\$ 830,315	1,639,391	918,482	1,551,224
Receivables:				
Interest	<u>2,515</u>	<u>2,993</u>	<u>2,515</u>	<u>2,993</u>
Total assets	<u>\$ 832,830</u>	<u>1,642,384</u>	<u>920,997</u>	<u>1,554,217</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 832,830</u>	<u>1,190,019</u>	<u>468,632</u>	<u>1,554,217</u>
Total liabilities	<u>\$ 832,830</u>	<u>1,190,019</u>	<u>468,632</u>	<u>1,554,217</u>

(Continued)

TAHOE REGIONAL PLANNING AGENCY

Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<u>Mitigation</u>				
<u>Assets</u>				
Cash and Investments	\$ 6,246,156	1,728,148	1,725,521	6,248,783
Receivables:				
Interest	<u>10,901</u>	<u>15,704</u>	<u>10,901</u>	<u>15,704</u>
Total assets	<u>\$ 6,257,057</u>	<u>1,743,852</u>	<u>1,736,422</u>	<u>6,264,487</u>
<u>Liabilities</u>				
Accounts payable	\$ -	364,070	364,070	-
Due to other governments	<u>6,257,057</u>	<u>734,721</u>	<u>727,291</u>	<u>6,264,487</u>
Total liabilities	<u>\$ 6,257,057</u>	<u>1,098,791</u>	<u>1,091,361</u>	<u>6,264,487</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 7,565,994	3,370,105	2,644,003	8,292,096
Receivables:				
Interest	<u>14,285</u>	<u>19,931</u>	<u>14,285</u>	<u>19,931</u>
Total assets	<u>\$ 7,580,279</u>	<u>3,390,036</u>	<u>2,658,288</u>	<u>8,312,027</u>
<u>Liabilities</u>				
Accounts payable	\$ -	364,070	364,070	-
Due to other governments	7,472,196	1,928,209	1,197,107	8,203,298
Deposits payable	<u>108,083</u>	<u>981</u>	<u>335</u>	<u>108,729</u>
Total liabilities	<u>\$ 7,580,279</u>	<u>2,293,260</u>	<u>1,561,512</u>	<u>8,312,027</u>